

Message Text

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PAGE 01 GEORGE 01812 091913Z

51

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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P 091800Z OCT 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC PRIORITY 414

C O N F I D E N T I A L GEORGETOWN 1812

EXDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, GY

SUBJECT: REYNOLDS NATIONALIZATION AND BAUXITE LEVY

REFS: (A) GEORGETOWN 1791, (B) GEORGETOWN 1801,
(C) GEORGETOWN 1792

1. TEXT OF MINMINES REGULATION PROHIBITING EXPORT OF CALCINED AND
CHEMICAL BAUXITE BY REYNOLDS WAS NOT AVAILABLE UNTIL LATE OCTOBER
8. TEXT AND ANALYSIS BY SEPTEL.

2. LUCKHOO DELIVERED TO ME EVENING OCTOBER 8 COPY OF LETTER
DATED OCTOBER 7 FROM MINMINES JACK TO ROBERTS, REPLYING TO LATTER'S
LETTER OF OCTOBER 5. ASSUME REYNOLDS HAS FURNISHED COPY TO DEPT.
TONE OF LETTER IS SARCASTIC AND SEEMS DESIGNED FOR EVENTUAL PUBLI-
CATION. SINCE IT CONCENTRATES ON THEMES ALREADY STRESSED IN GOG
PUBLICITY CAMPAIGN.

3. ONE PARAGRAPH OF JACK'S LETTER WARRANTS COMMENT. IT STATES
"SUGGESTIONS HAVE BEEN MADE TO YOUR COMPANY THAT YOU SHOULD LODGE
THE TAX DUE WITH THE COURTS TO AWAIT THE OUTCOME OF THE CASE"
(I.E. WRIT FILED BY REYNOLDS OCTOBER 4). AT FIRST BLUSH THIS SEEMS
TO REFER TO SUGGESTION I MADE THAT PROCEEDS OF SALE OF BAUXITE AFTER
OCTOBER 5 BE PLACED IN ESCROW ACCOUNT PENDING OUTCOME OF COURT
TEST (REFTEL A, PARA 2), WHICH WAS CONVEYED TO REYNOLDS PURSUANT
TO MY TELECON WITH BURKE ON OCTOBER 4. HOWEVER, I HAVE CHECKED
WITH LUCKHOO, WHO STATES THAT IN HIS CONVERSATIONS OCTOBER 5 AND
6 WITH MINMINES JACK, PM BURNHAM AND REYNOLDS (GALEA), HE SUGGESTED
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PAGE 02 GEORGE 01812 091913Z

DEPOSIT OF TAX DUE, RATHER THAN PROCEEDS OF FUTURE SALES. I

PRESUME THEREFORE THAT REYNOLDS CONSIDERED AND DECIDED AGAINST BOTH OF THESE SUGGESTIONS. IT MAY BE ACADEMIC AT THIS POINT, BUT I SHALL STRAIGHTEN THE RECORD ON THIS POINT THE FIRST OPPORTUNITY I HAVE TO TALK TO JACK.

4. LUCKHOO HAS ALSO PROVIDED ME COPY OF LETTER TO HIM FROM JACK DATED OCTOBER 8 RESPONDING TO INQUIRY REGARDING STATUS OF VESSELS PRESENTLY AT EVERTON. JACK STATES TWO LADEN VESSELS (M/V ATLAN ZAFIRO AND M/V WITSHOAL) "CAN OF COURSE UNLOAD AND SAIL" IN EVENT LEVY CONTINUES UNPAID. WITH REGARD TO TWO UNLADEN VESSELS (M/V CORMELA AND M/V MINI LUX), HE STATES "POSITION REMAINS THE SAME", I. E. THEY CAN SAIL UNLADEN.

5. LUCKHOO HAS READ ME TO ME AND WILL PROVIDE COPY OF FURTHER LETTER HE IS SENDING TO JACK OCTOBER 9, STATING REYNOLDS "UNDER-STANDING" THAT UNDER TERMS OF REGULATION ISSUED OCTOBER 7 AND IN VIEW OF WRIT FILED BY REYNOLDS OCTOBER 4, COMPANY MAY CONTINUE TO EXPORT METAL GRADE BAUXITE WITHOUT "OFFENDING" GUYANESE LAWS. COMMENT: THIS IS LEGAL MANEUVER, SINCE IT IS ALMOST CERTAIN GOG WILL INSIST ON PAYMENT OF TAX DUE AS CONDITION FOR EXPORT OF METAL GRADE.

6. REGARDING BOMB THREAT TO EMBASSY (REFTEL B), I TOOK OCCASION OF CALL AFTERNOON OCTOBER 8 ON FONOFF PERMSEC RUDY COLLINS TO MENTION THIS INCIDENT. HE HAD ALREADY BEEN INFORMED VIA WIFE OF FONOFF COLLEAGUE WHO IS USIS EMPLOYEE. I CALLED COLLINS' ATTENTION TO AGGRESSIVE TONE OF FRONTPAGE EDITORIAL OCTOBER 6 IN GOG-OWNED CHRONICLE AND SAID I FEARED CONTINUED MEDIA TREATMENT OF REYNOLDS ISSUE ALONG THESE LINES COULD PROVOKE HOTHEADS TO ACTUAL VIOLENCE AGAINST REYNOLDS AND EMBASSY. COLLINS SAID HE WOULD BRING MATTER TO ATTENTION OF CHRONICLE EDITOR BLACKMAN AND KIT NASCIMENTO MINISTER OF STATE IN OFFICE OF PM, WHO OVERSEES GOG INFORMATION OUTPUT. I TOLD COLLINS THAT EMBASSY HAD SCRUPULOUSLY AVOIDED PUBLIC COMMENT ON REYNOLDS ISSUE AND THAT, TOGETHER WITH POLICE, WE BELIEVED IT EQUALLY PRUDENT TO AVOID PUBLICITY ON BOMB THREAT. KREBS

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Message Attributes

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